



DEC 30 1999

Mr. Michael Fogarty
Chief Executive Officer
Oklahoma Health Care Authority
4545 N. Lincoln Blvd., Suite 124
Oklahoma City, Oklahoma 73105

Dear Mr. Fogarty:

We are pleased to inform you that your extension application for waiver-only project No. 11-W-00048/6 entitled "SoonerCare" has been approved by the Health Care Financing Administration (HCFA) for the period January 1, 2001, through December 31, 2003. Approval of this project is granted under the authority of section 1115 of the Social Security Act (the Act).

This approval is for a waiver-only demonstration. The special terms and conditions (STCs) that are currently in effect will continue to apply for the extension period. Those terms and conditions define the nature, character, and extent of anticipated Federal involvement in this project. A copy of the current STCs is enclosed.

Regarding the STC on financial reporting, however, an outstanding issue remains. The required HCFA-64.9 supplement information has not been submitted. Please submit a corrective action plan with a timeline for the submission of the required material within fifteen (15) days of the receipt of this letter.

Consistent with section 4757 of the Balanced Budget Act of 1997 (BBA) (section 1115(e)(7) of the Act), we have included a budget neutrality trend rate for the last 3 years of the project of **6.51** percent for Aid to Families with Dependent Children and **5.86** percent for Aged, Blind, and Disabled to reflect the Secretary's best current estimate of rates of change in expenditures (see Attachment D). This approval is contingent upon your written notification to our office of your acceptance of these special terms and conditions for the extension period within 30 days of receipt of this letter.

The following waivers of provisions of the Act remain in effect in order to enable Oklahoma to carry out the SoonerCare demonstration through the extension period:

1. Statewideness/Uniformity Section 1902(a)(1)

To enable the state to provide certain types of managed care plans **only** in **certain** geographical areas of the state and to permit non-demonstration populations, e.g., **those** requiring long-term care, to receive current Medicaid benefits, whereas demonstration recipients will receive modified services.

2. Amount, Duration, and Scope of Services Section 1902(a)(10)(B)

To enable the state to offer different services, based on differing managed care arrangements or the absence of managed care arrangements.

3. Freedom of Choice Section 1902(a)(23)

To enable the state to restrict freedom of choice of provider of SoonerCare enrollees, except for providers of family planning services, for which freedom of choice may **only** be restricted for adults in "Rural Partners" and plans in **rural** areas.

4. Retroactive Eligibility Section 1902(a)(34)

To enable the state to eliminate retroactive eligibility for demonstration participants.

The following authority will apply to all **rural** plans and to those urban areas designated as "Rural Partners," in accordance with the requirements defined in section IV(C) of the enclosed terms and conditions:

Waivers

1. Access to and Payment of Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) Section 1902(a)(10)(A), Section 1902(a)(13)(C)

To enable the State to authorize provision of alternatives to FQHC services, as described in Term and Condition IV(I), and to RHC services, and, not require payment to FQHCs and RHCs in accordance with Medicare cost reimbursement rules.

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| 2. | Upper Payment Limits for
Capitation Contract Requirements | Section 1902(a)(30)(A) as
implemented by 42 CFR
447.361 and 447.362 |
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To enable the state to set capitation rates for Soonercare “**Rural Partners**” and **rural** plans that would exceed the actuarial value of Medicaid fee-for-service costs.

Costs Not Otherwise Matchable

Under the authority of section 1115(a)(2) of the Act, expenditures made by the state under SoonerCare for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for the period of this project, be regarded as expenditures under the state’s Title XIX plan.

1. Expenditures under comprehensive risk contracts with managed care entities which do not meet the requirements in section 1903(m) specified below. Oklahoma’s managed care plans participating in the Soonercare demonstration will have to meet all the requirements of section 1903(m) except **the** following:

Section **1903(m)(2)(A)(ii),(vi)**, insofar as they restrict payment to a state that contracts for comprehensive services on a prepaid or other risk basis, unless such contracts are with entities that:

(a) permit all Medicaid members to disenroll **without** cause during the 90-day period after enrollment - The initial disenrollment period under which SoonerCare members may disenroll without cause is a 30-day period. Following the **initial** 30-day disenrollment period, Soonercare members will be locked into a plan for up to one year **and** will be allowed to change the selection of their health plan during **an annual** open enrollment period.

2. Expenditures to provide for 6 months of guaranteed eligibility for **all** participants enrolled in plans which are certified as “**Rural Partners**” or are **rural** plans, and which do not otherwise qualify under section 1902(e)(2).

Your HCFA project officer is Ms. Joyce E. Jordan, who can be reached at (410) 786-5936. She is available to answer any questions concerning the scope and implementation of the project described in **your** application. Communications regarding program and administrative matters should be submitted to the project officer at the following address: Health Care Financing Administration, Center for Medicaid and State Operations, Mail Stop S2-01-16, 7500 Security Boulevard, Baltimore, Maryland 21244-1850.

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We appreciate Oklahoma's accomplishments in administering this innovative program and look forward to continuing to work with you on this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy-Ann Min DeParle", with a stylized flourish at the end.

**Nancy-Ann Min DeParle
Administrator**

Enclosure

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cc: Roger Perez, ARA Dallas Regional Office